



**City Council
FY 2017-2018
Budget Work Session
May 1, 2017**

TODAY'S OBJECTIVES

- Review preliminary budget recommendations
- Address questions & concerns
- Formulate final budget proposal to be presented to City Council – 6/6/17



BUDGET PROCESS

Ongoing Process – elected officials & staff – guidance & direction

- Projecting revenues
- Establishing priorities & key goals
- Making decisions based on needs – constrained by limited resources

Preparedness for FY 17-18 Budget is an ongoing year round process.

- 3.8% increase over the prior year.

For FY 17-18, receipts for property taxes and sales taxes are projected be higher than last year.

- Due to growth in real property & upturn in retail sales.



BUDGET CHALLENGES 1

- Balancing with effectively **no property tax increase** while maintaining the same level of service for the citizens
- Fund the City's share of public transportation – **Link Transit**
- Key emphasis on **economic development**
- Fund street light conversion to **LED**

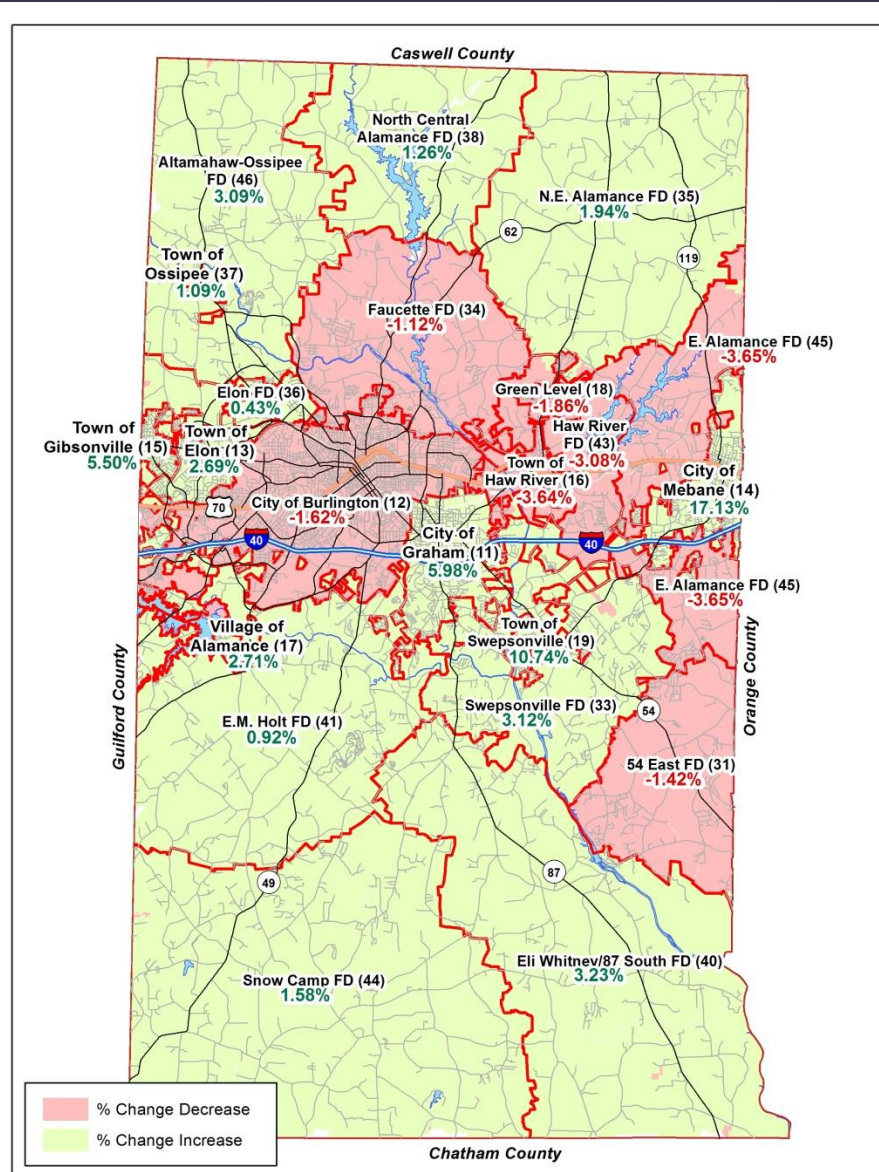


“REVENUE NEUTRAL” TAX RATE

- Defined as the property tax rate that will generate the same amount of tax revenue received in the year prior to the revaluation, allowing for average growth over the time period since the last revaluation (Alamance County – 8-year cycle)
- Revenue Neutral tax rate is 59.73 cents
- It takes 59.73 cents to generate what 58 cents generated last year
- Revenue for FY 17-18 = \$26,020,824 with tax rate of .5973/\$100 assessed valuation



ALAMANCE COUNTY – REVALUATION PERCENTAGES BY COMMUNITY



IMPORTANT REVALUATION STATISTICS

- City of Burlington had negative growth in property values - largest impact to any city in Alamance County **-1.62%**
- Alamance County's overall growth + **2.6%**
- City's assessed valuation \$ **4,149,989,446**
- County's assessed valuation \$12,421,017,800
- City's tax base is only about 1/3 of the County's tax base; therefore, a penny on the City's tax rate only generates one-third of what a penny on the County's rate generates



BUDGET CHALLENGES 2

- **Uncertainty in state revenues**
 - OK for FY 17-18 / Future is uncertain.
- Another bill in NC Legislature calling for reallocation of some portion of **sales tax revenue** - passed Senate and now heads to the House
- Uncertainty from U.S. Congress regarding federal budget for CDBG & HOME funds
- Funding for capital outlay requests to **maintain City facilities** and **replace aging vehicles**



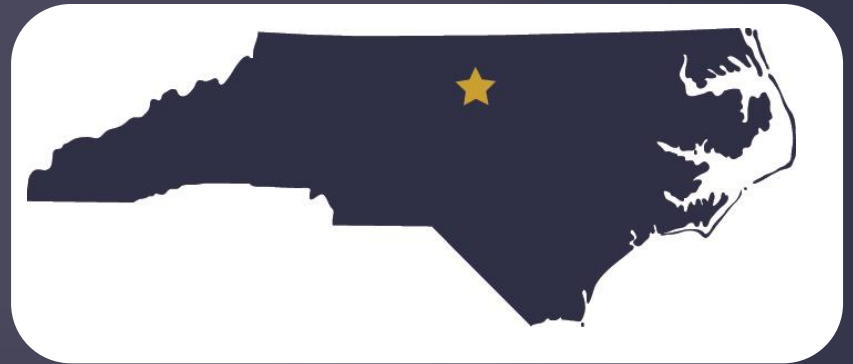
BUDGET CHALLENGES 3

- **New Positions:** (both are direct service)
 - 2 recreation positions
 - Assistant aquatics director
 - Maintenance technician
 - 1 public works position
 - Mechanic - fleet maintenance
- **Provision for merit salary adjustment**



GENERAL FUND

- Police
- Fire
- Recreation and Parks
- General Administration
- Legal
- Public Works/
Technical Services /
Inspections
- Information Technology
- HR/Health Services
- Finance
- Engineering
- Planning/GIS
- Debt Service



SNAPSHOT - MAJOR ISSUES

Revenues:

- Very limited growth in property tax revenue
- Sales tax revenues are projected to increase over FY 16-17 budget (uncertainty in future depending on legislative changes)
- Building permit revenues rising

Expenditures:

- All departments asked to submit no growth budget.
- Increases: public transportation, 2 aquatics positions, 1 public works position, a merit adjustment, and an increase in health insurance funding



EMPHASIS IN GENERAL FUND 1

- Providing outstanding **daily City services**
- Commitment to **maintain and upgrade neighborhoods** throughout the City
 - Added 50 streetlights / upgrading all residential lights to LED
 - Robust economic development program kick-started
 - Policing strategies – connecting with community / trust through transparency / national accreditation
 - Burlington Connected – address concerns quickly
 - Vigorous code enforcement
 - Professional animal services – quick & reliable



EMPHASIS IN GENERAL FUND 2

■ Major Infrastructure & Capital

o Fire engine (capital reserves)	\$ 715,000
o 2 Boom trucks – public works	\$ 300,000
o Dump truck	\$ 88,000
o Pot hole patching truck	\$ 195,000
o 14 Police cars	\$ 689,600
o Street resurfacing	\$ 900,000
o Computer hardware	\$ 260,000
o Mower	\$ 64,000
o North Park -Phase 1B improvements	\$ 348,345



EMPHASIS IN GENERAL FUND 3

- Economic development/ quality of life partners:
 - Alamance Chamber - \$50,000
 - Burlington-Alamance Airport Authority- \$232,500
 - Burlington Downtown Corporation:
 - Proposal: Maintain \$75,000 for operations, opportunity for a second \$75,000 for small grants program
 - Proposal: Council change the MSD property tax rate due to revaluation to \$0.17 for the special tax district downtown (revenue neutral rate for the special downtown tax district) due to the **-6.4%** decrease in value for this district.



GENERAL FUND BUDGET

HIGHLIGHTS

- Proposed Budget of \$54,357,858, or 3.8% increase over FY 16-17 Budget
- Propose a revenue neutral tax rate of \$.5973 per \$100 valuation
- Economic development program initiatives
- Funding increase for health insurance
- Merit salary adjustment
- Continuing Link Transit initiative
- Capital replacement program



GENERAL FUND BUDGET 2017-2018

2017-2018 ANNUAL BUDGET GENERAL FUND - REVENUES

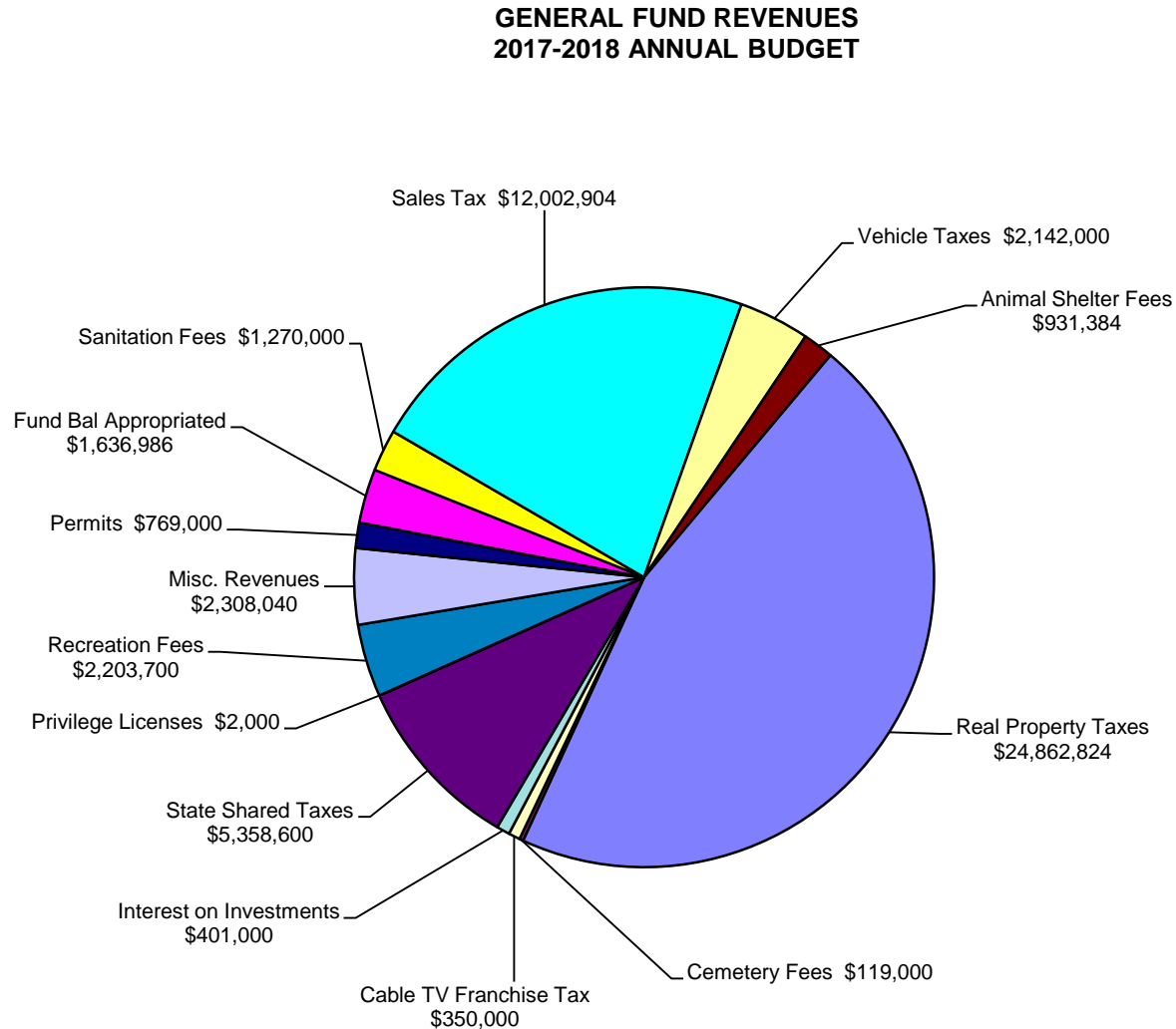
<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Real Property Taxes	\$ 24,862,824	45.7%
Vehicle Taxes	2,142,000	3.9%
State Shared Taxes	5,358,600	9.9%
Cable TV Franchise Tax	350,000	0.6%
Sales Tax	12,002,904	22.1%
Interest on Investments	401,000	0.7%
Privilege Licenses	2,000	0.0%
Permits	769,000	1.4%
Sanitation Fees	1,270,000	2.3%
Animal Shelter Fees	931,384	1.7%
Recreation Fees	2,203,700	4.1%
Miscellaneous Revenues	2,308,040	4.2%
Cemetery Fees	119,000	0.2%
Fund Balance Appropriated	1,636,986	3.0%
Total General Fund	\$ 54,357,438	100.0%

2017-2018 ANNUAL BUDGET GENERAL FUND - EXPENDITURES

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Administration	\$ 842,298	1.5%
Economic Development	\$ 230,124	0.4%
Animal Services	1,392,909	2.6%
Finance & Risk Management	1,425,065	2.6%
Information Technology	1,098,393	2.0%
Legal	604,750	1.1%
Human Resources	844,049	1.6%
Planning/Gis	1,717,548	3.2%
Trans/Traffic/Signs/Lighting	1,840,342	3.4%
Engineering	667,031	1.2%
General Admin/Building	2,008,738	3.7%
Police	15,351,752	28.2%
Fire	7,848,312	14.4%
Public Works	9,235,333	17.0%
Recreation	6,636,268	12.2%
Debt Service	2,614,526	4.8%
Total General Fund	\$ 54,357,438	100.0%



GENERAL FUND REVENUES



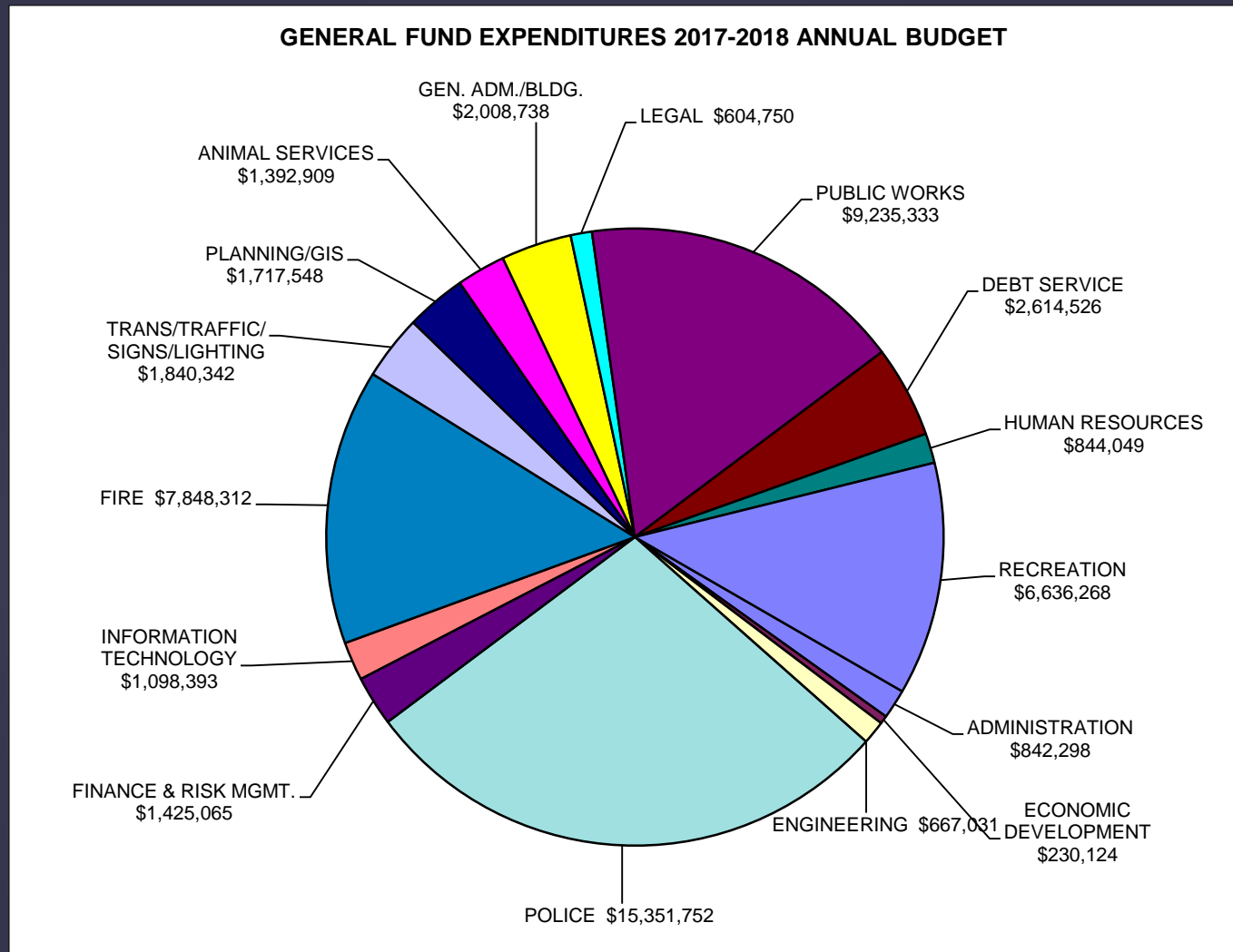
GENERAL FUND REVENUE SOURCES

Explanation of Sources of Revenue

45.7% Real Property Taxes	Property tax on real estate - individual & commercial
3.9% Personal/Vehicle Taxes	Property tax on vehicles and personal property such as mobile homes, boats, unlicensed vehicles, etc.
9.9% State Shared Taxes	This includes: (1) Powell Bill monies which are used for street repair, (2) franchise & excise taxes from power bills, telephone bills, etc., and (3) taxes on the sale of beer
0.6% Cable TV Franchise Tax	Taxes on cable TV
22.1% Sales Tax	Sales tax on items purchased in Alamance County distributed based on population
0.7% Interest on Investments	Interest from available cash invested in investments like CDs, commercial paper, etc.
0.0% Privilege Licenses	A license is issued to every business who operates within the city limits of Burlington.
1.4% Permits	Electrical, mechanical, plumbing, code enforcement fees, etc.
2.3% Sanitation Fees	Fees charged for pick up of limbs, old appliances, recycling, etc.
1.7% Animal Shelter Fees	Per capita fees from other municipalities and Alamance County.
4.1% Recreation Fees	Fees charged to participants of baseball, basketball, soccer, etc. and rental of facilities
4.2% Miscellaneous Revenues	One time revenues, donations, and revenues that don't fit in other major categories. Some examples would include larger revenues such as Reimbursement of Costs - Traffic Signal System - \$460,000, Monopole Rentals - \$350,000, Alamance County Fuel Purchases - \$450,000, and some much smaller revenues such as Taxi Permits - \$300, Civil Penalty Violations - \$5,000, and Parking Violations - \$15,000.
0.2% Cemetery Fees	Cemetery lots, grave permits and columbarium sales at Pinehill Cemetery
3.0% Fund Balance Appropriated	Money that has been saved over prior years for a "rainy day fund"
100.0%	



GENERAL FUND EXPENDITURES



WATER RESOURCES FUND

- Water & Sewer Repair and Construction
- Water & Sewer Plants and Facilities
- Laboratories
- Composting
- Customer Service/Billing
- Debt Service



WATER RESOURCES FUND BUDGET

- Proposed Budget of - \$29,375,121, a 0.69% increase
- Proposed Budget includes a 2% increase in water rates to offset inflation and increased demand for capital improvements.
- No increase in sewer rates.
- Average residential customer increase of 40 cents per month using 5,000 gallons of water & sewer service monthly
- Proposed Budget contains funding for employee health insurance



WATER RESOURCES FUND

Revenues:

- Water usage – projected flat
- Sewer usage – projected flat
- Proposed 2% increase in water rates
- Sewer rates – no change

WATER RESOURCES FUND

Key Expenditures:

- Funding to switch Mackintosh plant from chlorine gas to bleach (liquid chlorine)
- Funding design work for water line replacements (Greeson Road and 3 mile water line from Stoney Creek to Ed Thomas water plant)
- Funding to begin the transition to radio meter reads
- Capital requests funded at 100%
- Provision for engineering design for work to repair Ed Thomas Water Plant (structural repairs & roof)
- Health insurance increase
- Provision for merit salary adjustment



EMPHASIS IN WATER RESOURCES FUND

- Commitment to: maintain & improve infrastructure to provide safe & clean drinking water, effectively treat waste water, promote economic development, & improve quality of life.
- Planned major improvements:
 - Hypochlorite conversion project (\$1.3 m)
 - Initiate radio meter read conversion (\$500,000)
 - Replace raw sewage pump #2 (\$110,000)
 - Inflow & infiltration reduction (\$325,000)
 - 2" water line replacements (\$250,000)
 - Water line replacements (\$425,000)
 - 6" sewer line replacements (\$100,000)
 - Replace Mobile Tamp w/mini-excavator (\$140,000)
 - Little Alamance Creek 21" sewer interceptor (\$200,000)
 - Replace dump truck (\$ 90,000)



WATER RESOURCES FUND BUDGET FY 17-18

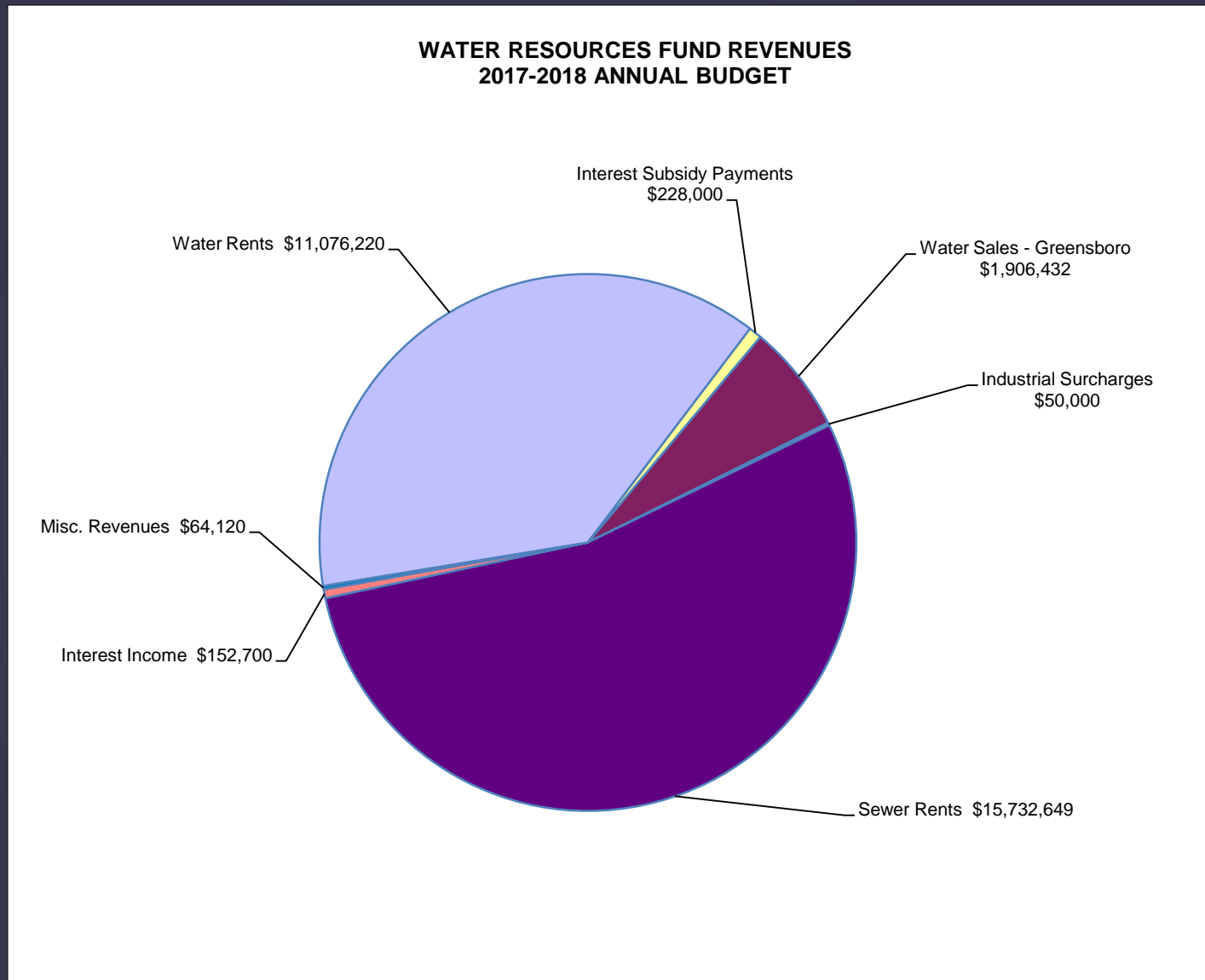
CITY OF BURLINGTON 2017-2018 ANNUAL BUDGET WATER RESOURCES FUND - REVENUES

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Water Rents	11,076,220	37.7%
Sewer Rents	15,732,649	53.6%
Water Sales - Greensboro	1,906,432	6.5%
Water & Sewer Taps	165,000	0.6%
Industrial Surcharges	50,000	0.2%
Miscellaneous Revenues	64,120	0.2%
Water & Sewer Unit Dev Fees	-	0.0%
Water & Sewer Assess & Conn Fees	-	0.0%
Interest Income	\$ 152,700	0.5%
Interest Subsidy Payments	228,000	0.8%
Total Water Resources Fund	<u>\$ 29,375,121</u>	<u>100.0%</u>

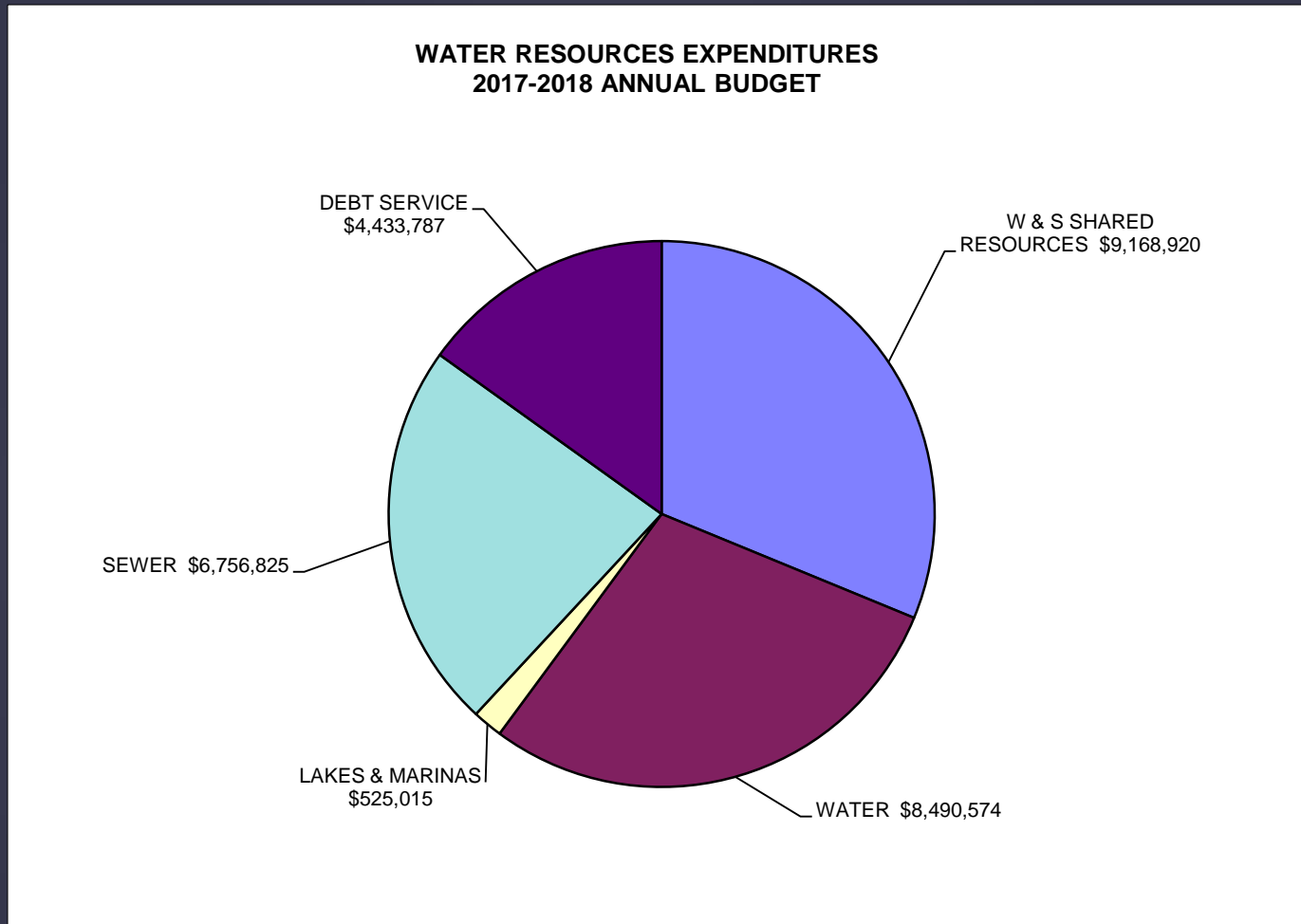
CITY OF BURLINGTON 2017-2018 ANNUAL BUDGET WATER RESOURCES FUND - EXPENDITURES

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
W & S Bldg Admin & Services	\$ 5,032,620	17.1%
W & S Customer Service	1,715,443	5.8%
W & S Line Supervision	393,034	1.3%
Water Line Maint/Repair	994,534	3.4%
Water Line Svc & Constr	1,804,966	6.1%
Sewer Line Maint/Repair	724,596	2.5%
Sewer Line Svc & Constr	1,177,158	4.0%
W & S Plants & Facilities Supv	693,921	2.4%
Water Sources Protection	334,446	1.1%
Ed Thomas Water Plant	2,024,924	6.9%
Mackintosh Water Plant	3,331,704	11.3%
S. Burlington Waste Treat	2,159,962	7.4%
E. Burlington Waste Treat	2,421,686	8.2%
Laboratories	570,994	1.9%
Composting	273,423	0.9%
Plants Maintenance	762,908	2.6%
Lakes And Marinas	525,015	1.8%
Debt Service	4,433,787	15.1%
Total Water Resources Fund	<u>\$ 29,375,121</u>	<u>100.0%</u>

WATER RESOURCES FUND REVENUES



WATER RESOURCES FUND EXPENDITURES



WATER/SEWER RATES

Typical Utility Service Bill

For Average Customer

(Based on 5,000 gallons per month)

	<u>Current</u>	<u>Proposed 17-18</u>
Water	\$ 19.50	\$ 19.90
Sewer	24.40	24.40
Stormwater	5.00	5.00
Solid Waste / Recycling	<u>6.00</u>	<u>6.00</u>
TOTAL MONTHLY BILL	\$ 54.90	\$ 55.30
COST PER DAY	\$ 1.83	\$ 1.84



WATER/SEWER RATES

Typical Utility Service Bill

For Average Customer

(Based on 2,500 gallons per month)

	<u>Current</u>	<u>Proposed 17-18</u>
Water	\$ 9.76	\$ 9.96
Sewer	12.21	12.21
Stormwater	5.00	5.00
Solid Waste / Recycling	<u>6.00</u>	<u>6.00</u>
TOTAL MONTHLY BILL	\$ 32.97	\$ 33.17
COST PER DAY	\$ 1.10	\$ 1.11



TRANSPORTATION FUND

- Link Transit start date – June 6, 2016
- Major success | 67,000+ riders
- Goal: *Clean – Safe – On Time*
- Funding of \$416,300 for operations from the General Fund
- One time capital expense of \$540,000 (sidewalks & shelters)
- Proposed Budget of \$2,023,500
- Federal funding: 80% for capital items,
50% for operations

Link TRANSIT
ride • enjoy • connect



STORMWATER FUND

- No change in rates
- Rate \$5.00 per month per 22,500 customers
- Proposed Budget of \$1,223,449



STORMWATER FUND HIGHLIGHTS

- Continuing to develop, implement, enforce program to **reduce the discharge of pollutants**
- Continuing to map the City's storm drainage system to aid the IDDE program (**illicit discharge, detection and elimination**)
- **Public education** and outreach program



2017-2018 OTHER FUNDS

Other Funds for FY 2017-2018

<u>Summary of Other Funds</u>	<u>Revenues</u>	<u>Expenditures</u>
Controlled Substance Abuse	\$ 50,941.00	\$ 50,941.00
RICO	\$ 71,982.00	\$ 71,982.00
MPO - Transportation	\$ 385,096.00	\$ 385,096.00
Guilford Mackintosh	\$ 178,000.00	\$ 178,000.00
Municipal Service District (BDC)	\$ 195,100.00	\$ 195,100.00
Drainage Improvements	\$ 25,000.00	\$ 25,000.00
Rehab Loan	\$ 166,950.00	\$ 166,950.00
Rental Rehab Loan Program	\$ 28,198.00	\$ 28,198.00
Community Development Block Grant	\$ 402,011.00	\$ 402,011.00



THANK YOU!

Thanks to the budget team (Peggy Reece & Nolan Kirkman), finance staff, and all the City's department heads for their role in the development of the FY 17-18 Proposed Budget.

Thanks to our elected officials for your support and guidance.

QUESTIONS

